



RESEARCH REPORT

Catalog number	OMB97-004
Date:	July 25, 1996
Subject:	Decedent Transportation Contract
To:	David Smith
From:	Sandi Wilson, Chief Resource Officer
Prepared By:	Patrick Van Zanen, Fiscal Consultant

ISSUE

- How does the Office of Management and Budget's initial cost estimates of an in-house decedent transportation staff compare to the actual costs that the County has since incurred?
- In light of new information and steps already taken to set-up an in-house transportation staff, how should Maricopa County proceed in finalizing arrangements to transport decedents to the Office of the Medical Examiner?

BACKGROUND

In September 1995, Maricopa County assembled a team consisting of staff from the County Attorney's Office, the County Administrator's Office, the Office of Management and Budget, Materials Management, and the Office of the Medical Examiner. The purpose of the team was to resolve numerous problems arising from the use of the funeral home industry to transport Medical Examiner cases to the Office of the Medical Examiner (see Research Report OMB95-012). Maricopa County faced the possible loss of all transportation services provided by funeral homes.

After numerous meetings with the team, the funeral home industry, and the State Board of Funeral Directors and Embalmers, the vast majority of those involved agreed that Maricopa County should investigate the possibility of developing its own transportation staff or contracting with a single county-wide provider. Financial considerations aside, the preliminary consensus was that bringing the function in-house would be the best solution and provide the best service.

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Subsequently, OMB issued a report outlining the initial and on-going cost estimates of an in-house staff. Based on a survey of other counties, OMB also estimated the cost of contracting with a single vendor to provide transportation for the entire County. A cost comparison of the estimates indicated that it would be more cost effective to employ an in-house staff. Furthermore, revenue could be generated to offset some of the costs of an in-house staff by charging a fee to provide the second trip from the OME to the funeral homes upon the request of funeral homes or family.

The Board of Supervisors directed that the contract estimates be confirmed through the Request for Proposal process. The ensuing responses indicated that it would be less expensive to develop a County staff. Moreover, with an in-house staff, the County could cost effectively employ investigators, thereby, improving customer service. The Maricopa County OME did not employ death investigators, although, national standards indicate that a County the size of Maricopa should employ 9 - 12.

The BOS recognized the cost savings and improved service possibilities of an in-house staff and concurred that an in-house staff should be developed. The BOS subsequently adopted a fee that would be charged when the new County staff provided services on the second trip.

The cost estimate for an in-house staff had always included an over-flow contract. The intention was that a contractor would be available upon the OME's request to recover bodies when workload became excessive or geographical considerations made it impossible for County staff to recover a body.

The County issued an RFP for overflow services and received no viable responses. The RFP specifications required that the vendor cover the entire County while only transporting the over-flow volume. The County Administrative Officer directed that a second RFP be issued that allowed vendors to bid on an overflow contract by geographical quadrants of the county. Dividing the County into smaller portions could make the low volume of an overflow contract more appealing to vendors.

Additionally, the second RFP also allowed vendors to bid on comprehensive service within quadrants (all ME cases). In effect, this was a second attempt to confirm OMB's assertion that an in-house staff would be less expensive than contracting out the service. However, the first RFP called for a single County-wide service provider while the latter RFP would allow for four providers (four quadrants). Acceptable bids were received for overflow and comprehensive service and a winning bid has been identified for overflow service. Staff did not recommend awarding a bid for comprehensive service because an in-house staff had already been developed and implemented.

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Approval of the overflow contract has been put on hold so that OMB can review the actual costs of the new transportation staff, the last bid response for comprehensive service by quadrants, and any relevant additional information. In this report, OMB will compare its initial cost estimates to actual costs. In addition, the County's actual costs will be compared to the latest bid response. Finally, OMB will provide recommendations for finalizing transportation service arrangements.

DISCUSSION

Estimates vs. Actuals

As seen in the following tables, the actual start-up and on-going costs for the County transportation staff were less than OMB estimated.

START-UP CAPITAL COSTS				
	OMB ESTIMATE	OMB COST	DIFF.	EXPLANATION
SUPPLIES	\$79,020	\$5,395	\$73,625	INITIAL SUPPLY OF BODY-BAGS DID NOT HAVE TO BE PURCHASED.
VEHICLES	48,500	60,536	(12,036)	ESTIMATED FOR 2 VANS. 3 VANS WERE NEEDED
COTS, GURNEY	12,960	9,626	3,334	
RADIO EQUIP.	8,100	17,679	(9,579)	COULD NOT USE SHERIFF'S SYSTEM AS PLANNED
	<u>\$148,580</u>	<u>\$93,236</u>	<u>\$55,344</u>	

After completing a classification study, the Human Resource department determined that the new transporter position should receive a lower rate of pay than OMB estimated. As a result, the Medical Examiner is providing service for \$45,000 per year less in staffing costs than OMB estimated.

ANNUALIZED STAFFING COSTS			
	OMB EST.	ACTUAL ANNUALIZED	DIFF.
W/ INVESTIGATORS	\$312,000	\$267,244	\$44,756
W/O INVESTIGATORS	\$282,000	*\$188,989	\$93,011

*This figure was calculated by substituting the actual investigators' salaries with actual transporter salaries.

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OMB estimated that the County would pay between \$81,000 and \$126,000 per year for a supplemental transportation contract. Originally, OMB assumed that the contractor would transport all bodies outside a twenty-five mile radius of the OME. In addition, the contractor would be used when workloads became excessive inside the twenty-five mile radius. OMB estimated that 15% - 20% of all Medical Examiner cases (3,600) would be transported by a contractor. The OME has since found that workloads do not require it to restrict its service area to a twenty-five mile radius and it can actually transport more cases. Therefore, only 10% - 12% will transported by a contractor for a cost of \$50,000 - \$60,000 per year rather than \$81,000 - \$126,000 per year.

The following table compares all cost estimates to actual incurred costs. Maricopa County's annualized costs based on actuals are less than OMB's initial estimate.

ESTIMATES VS. ACTUALS						
	WITH INVESTIGATORS			WITHOUT INVESTIGATORS		
	OMB EST	ACTUAL ANNUAL	DIFF.	OMB EST	ACTUAL ANNUAL	DIFF.
STAFF	\$312,000	\$265,995	\$46,005	\$282,000	\$188,989	\$93,011
SUPPLIES	148,580	93,236	55,344	148,580	93,236	55,344
VEHICLE MAINT., DEPRECIATION	18,432	39,360	(20,928)	18,432	39,360	(20,928)
OVERFLOW CONTRACT	81,000	60,000	21,000	81,000	60,000	21,000
	<u>\$560,012</u>	<u>\$458,591</u>	<u>\$101,421</u>	<u>\$530,012</u>	<u>\$381,585</u>	<u>148,427</u>
RECURRING COST	\$420,432	\$374,355	\$46,077	\$390,432	\$297,349	\$93,083
AVERAGE COST PER BODY	\$116.77	\$103.99		\$108.45	\$82.60	

County Costs vs. New RFP Response

As stated earlier, the last RFP for the over-flow contract also allowed vendors to again bid on comprehensive service. However, this time the vendors could bid on quadrants of the County. The winning vendor for the over-flow contract also had the lowest bid for comprehensive service. The following is an evaluation of that bid response and a cost comparison with the County's current in-house staff.

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The bid specifications divide the County into four quadrants; northeast, southeast, northwest, and southwest. The dividing line between east and west is the OME, or sixth avenue. According to the RFP response, the vendor would provide service for \$80 plus \$1 per mile for all recoveries in the western quadrants and \$120 plus \$1 per mile in the eastern quadrants. The vendor's fees for overflow and comprehensive service are the same.

In order to assess the financial impact of the bid, OMB sampled the last 389 cases (10.8 % of annual total) transported to the OME between July 26, 1996 and August 28, 1996 to determine the location of recovery. The sample data included exact location (east or west) of each recovery and distance from the OME. OMB applied that information to the bid response to estimate the annualized cost of contracting with the vendor for service in any combination of quadrants.

Although 66% of the bodies are recovered in the eastern quadrants, 61% of the miles are traveled while recovering bodies in the western quadrants. Geographically, a greater portion of Maricopa County lies west of the Medical examiner's office. The table below shows the cost to Maricopa County if it contracted with the vendor to recover all bodies in all quadrants. These figures do not include investigators.

COST OF VENDOR SERVING ENTIRE COUNTY

<u>82,202 TOTAL MILES</u>			
50,335 WEST SIDE (66%)	X \$1 =	\$50,335	
31,867 EAST SIDE (34%)	X \$1 =	31,867	
		<u>\$82,202</u>	
<u>3,600 TOTAL CASES</u>			
1,212 WEST SIDE (37%)	X \$80 =	\$96,960	
2,388 EAST SIDE (63%)	X \$120 =	286,560	
		<u>\$383,520</u>	
TOTAL		\$465,722	
AVG. COSTS PER BODY		129.37	

Another option for providing services is to contract with the vendor to provide comprehensive service in the western quadrants while Maricopa County continues to provide service for the eastern quadrants. Maricopa County would reduce its recurring costs by approximately 37% by giving up the western quadrants. Still, the County would be responsible for the contract dollar amount. The following figures are based on Maricopa County's recurring costs without investigators

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**COST OF VENDOR SERVING WEST
AND COUNTY SERVING EAST
(NO INVESTIGATORS)**

CONTRACT COST FOR	\$147,29
WESTERN QUADS	5
COUNTY COSTS FOR	187,330
EASTERN QUADS	
	<u>\$334,62</u>
	5
AVG. COST PER BODY	92.95

Alternately, the County could continue serving the eastern quadrants with a County staff while employing death investigators for the entire County. A contractor would serve the western quadrants. Therefore, if a death occurred in a western quadrant, a County death investigator would be dispatched to the scene while the contractor responded to recover the body. Therefore, for each recovery in a western quadrant, the County would incur the cost for the contractor and the additional cost to send an investigator. In the eastern quadrants, an investigator will now be responding with a transporter rather than two transporters. As a result, the County's personnel requirements do not decrease significantly by contracting out the western quadrants. Furthermore, most other recurring costs to the County would not decrease because an employee will still drive a vehicle to every death scene.

**COST OF VENDOR SERVING WEST,
COUNTY SERVING EAST AND
COUNTY-WIDE INVESTIGATION**

CONTRACT COST FOR	\$147,295
WESTERN QUAD	
COUNTY COSTS FOR	340,337
EASTERN QUAD	
AND INVESTIGATION	
	<u>\$487,632</u>
AVG. COST PER BODY	135.45

Finally, the County could contract out county-wide comprehensive service and employee investigators to attend each death scene. At approximately \$650,000 dollars, this option is not worth considering.

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The following table summarized all options available to the County for providing decedent transportation.

COST SUMMARY OF SERVICE OPTIONS

	<u>WITHOUT INVESTIGATORS</u>	<u>WITH INVESTIGATORS</u>
CONTRACTOR TRANSPORTS ALL DECEDENTS THROUGHOUT MARICOPA COUNTY	\$465,722	\$650,000
<i>COST PER BODY</i>	<i>\$129</i>	<i>\$181</i>
COUNTY SERVES EASTERN QUADRANTS WHILE CONTRACTOR SERVES WESTERN QUADRANTS	\$334,625	\$487,632
<i>COST PER BODY</i>	<i>\$93</i>	<i>\$135</i>
COUNTY TRANSPORTS ALL DECEDENTS THROUGHOUT MARICOPA COUNTY	\$297,349	<i>\$374,355</i>
<i>COST PER BODY</i>	<i>\$83</i>	<i>\$104</i>

CONCLUSIONS AND RECOMMENDATIONS

A cost comparison between actual County costs and the second bid responses *again* shows that it is less expensive to provide the services with an in-house staff and a supplemental contract rather than contracting out total recovery service in all or portions of the of the County. Maricopa County should continue to proceed with its current plan for providing transportation and enter into a contract with the winning vendor to provide overflow transportation services. Not only is an in-house staff more cost effective, but it provides an opportunity to cost effectively employ death investigators as well.

The Office of Management and Budget recommends that the Board of Supervisors enter into a contract for overflow decedent transportation services with the winning bidder.